

UI-PHISHING AND DUMPING

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Phishing for an Identity

Protection of confidential information is a hot topic these days. Unemployment Insurance Division has taken a number of steps to ensure the security of the confidential information we use and store. Last year, we received two federal grants to deter identity theft and improve internal security. We purchased crosscut shredders for secure disposal of waste paper on-site in all three buildings. Other projects include securing our computer user roles more stringently, removing the social security number display on correspondence wherever possible, exploring direct deposit or debit cards for UI benefits, and building a secure e-mail exchange within the Internet claims application. Under information technology security, we are upgrading and expanding the documentation for our computer systems, as well as enhancing our disaster recovery plan. Even a small change such as using security-tint envelopes helps protect the confidentiality of our information.

Training to heighten security awareness was held in March. Well-trained staff is our best defense against a security breach, and we discussed social engineering, which is the manipulation of helpful people to get them to disclose confidential information. Our customer service representatives carefully verify the identity of each caller to ensure no 'phishing' for data occurs.

SUTA Dumping

An unethical practice of tax avoidance called "SUTA dumping" is the transference of employees from a business entity with a high unemployment tax rate and deficit experience to a newly created business entity that has a lower rate. SUTA dumping has the potential of adversely affecting other employers' rates. Montana enacted a law to detect and prevent SUTA dumping in the 2005 legislature, as did 48 other states in the past three years. The US Department of Labor made SUTA dumping detection software available to all states, and Montana Unemployment Insurance Division began tailoring the program to fit our computer system.

According to Sandy Bay, UI Contributions Bureau Chief, "Our Contributions Bureau staff has attended training, and sample extracts have been run to begin the analysis process." Both central office status staff and field auditors are developing the procedures to identify and investigate potential offenders and ensure they are paying their correct UI rate. The new law provides for penalties to those who knowingly engage in or encourage SUTA Dumping.

The department cautions employers to be wary of tax advice from others in regard to transferring employees as a way to lower a company's UI tax bill. "Employers should contact the UI Division immediately if they are given this advice," says Bay. "We will work with the employer and contact the tax advisor to prevent further problems."

The Federal Unemployment Tax Act (FUTA) is the federal law that establishes the nationwide unemployment insurance program. Each state has its' own laws, often referred to as the State Unemployment Tax Act (SUTA), that set their payroll tax rates, based on both the type of business and past claim experience.